

Cornerstone OnDemand Inc  
Form DEF 14A  
April 25, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A INFORMATION**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-2

**Cornerstone OnDemand, Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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April 25, 2012

Dear Cornerstone OnDemand, Inc. Stockholder:

You are cordially invited to attend our 2012 Annual Meeting of Stockholders (the Annual Meeting ), which will be held on June 4, 2012 at 1:00 p.m. Pacific Time at the Company s headquarters at 1601 Cloverfield Blvd., Suite 620 South, Santa Monica, California 90404.

At the Annual Meeting, stockholders will be asked to vote on each of the four proposals set forth in the Notice of Annual Meeting of Stockholders and described in the Proxy Statement.

It is important that your shares are represented and voted at the Annual Meeting. Whether or not you plan to attend the Annual Meeting, please vote as soon as possible. Voting your proxy will ensure your representation at the Annual Meeting. We urge you to carefully review the proxy materials and to vote: FOR the election of the three directors nominated by our board of directors and named in the proxy statement as Class I directors to serve for a three-year term; FOR the approval, on an advisory basis, of the compensation of our named executive officers; FOR the approval, on an advisory basis, of holding future advisory votes on the compensation of our named executive officers every three years; and FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012.

Thank you for your continued support of Cornerstone OnDemand, Inc.

Sincerely,

/s/ Adam L. Miller

Adam L. Miller

Chief Executive Officer

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**CORNERSTONE ONDEMAND, INC.**

**NOTICE OF 2012 ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held June 4, 2012**

**1:00 p.m. Pacific Time**

The 2012 Annual Meeting of Stockholders (the "Annual Meeting") of Cornerstone OnDemand, Inc. will be held at the Company's headquarters at 1601 Cloverfield Blvd., Suite 620 South, Santa Monica, California 90404 on June 4, 2012 at 1:00 p.m. Pacific Time and, if applicable, at any adjournment or postponement thereof. At our Annual Meeting, our stockholders will be asked:

1. To elect the three directors nominated by our board of directors and named in the proxy statement as Class I directors to serve for three-year terms;
  2. To approve, on an advisory basis, the compensation of our named executive officers;
  3. To vote, on an advisory basis, on whether to hold future advisory votes on the compensation of our named executive officers every 3 years, 2 years, or 1 year.
  4. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012; and
  5. To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.
- The proxy statement more fully describes these proposals.

We have elected to take advantage of a U.S. Securities and Exchange Commission rule that allows us to furnish our proxy materials over the Internet to our stockholders rather than in paper form. We believe that this delivery process reduces our environmental impact and lowers the cost of printing and distributing our proxy materials without affecting our stockholders' timely access to this important information. Accordingly, unless you have previously requested to receive our proxy materials in paper form, you will receive a Notice of Internet Availability of Proxy Materials (the "Notice"), which we expect to mail on or about April 25, 2012. The Notice will explain how to access the proxy materials and vote by telephone or over the Internet.

Stockholders of record who owned shares of our common stock at the close of business on April 9, 2012 are entitled to receive notice of, attend, and vote at the Annual Meeting. All stockholders are invited to attend the Annual Meeting in person. However, to ensure your representation at the Annual Meeting, please vote as soon as possible over the Internet by following the instructions in the Notice. Your vote must be received by 11:59 p.m. Eastern Time, on June 3, 2012. Alternatively, you may follow the procedures outlined in the Notice to request a paper proxy card to submit your vote by mail. Any stockholder attending the Annual Meeting may vote in person even if he, she or it has voted using the Internet, telephone or proxy card, and any previous votes that were submitted by the stockholder, whether by Internet, telephone or mail, will be

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superseded by the vote such stockholder casts at the Annual Meeting. For further information, please see the information in the Notice and in the following proxy statement.

By Order of the Board of Directors

/s/ Adam L. Miller

Adam L. Miller

*Chief Executive Officer*

Santa Monica, California

April 25, 2012

**YOUR VOTE IS EXTREMELY IMPORTANT. TO ENSURE YOUR REPRESENTATION AT THE ANNUAL MEETING, YOU ARE URGED TO VOTE BY TELEPHONE OR INTERNET AS PROMPTLY AS POSSIBLE. ALTERNATIVELY, YOU MAY REQUEST A PAPER PROXY CARD, WHICH YOU MAY COMPLETE, SIGN AND RETURN BY MAIL.**

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**CORNERSTONE ONDEMAND, INC.**

**1601 Cloverfield Blvd., Suite 620 South**

**Santa Monica, California 90404**

**PROXY STATEMENT**

**FOR THE ANNUAL MEETING OF STOCKHOLDERS**

**OF CORNERSTONE ONDEMAND, INC.**

**To Be Held June 4, 2012**

**GENERAL INFORMATION**

We are providing you with these proxy materials in connection with the solicitation by the board of directors of Cornerstone OnDemand, Inc. of proxies to be used at our 2012 Annual Meeting of Stockholders (the Annual Meeting). The Annual Meeting will be held at the Company's principal executive offices at 1601 Cloverfield Blvd., Suite 620 South, Santa Monica, California 90404 on June 4, 2012 at 1:00 p.m. Pacific Time and, if applicable, at any adjournment or postponement thereof. This proxy statement contains important information regarding our Annual Meeting, the proposals on which you are being asked to vote, information you may find useful in determining how to vote, and information about voting procedures. As used herein, we, us, our, Cornerstone or the Company refers to Cornerstone OnDemand, Inc., a Delaware corporation.

This proxy statement and our 2011 Annual Report to Stockholders were first made available to our stockholders on or about April 25, 2012.

**NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS**

In accordance with the notice and access rules of the U.S. Securities and Exchange Commission (the SEC), instead of mailing a printed copy of our proxy statement, proxy card and 2011 Annual Report to Stockholders (collectively, the proxy materials) to stockholders entitled to vote at the Annual Meeting, we are furnishing the proxy materials to our stockholders over the Internet. If you received a Notice of Internet Availability of Proxy Materials (the Notice) by mail, you will not receive a printed copy of the proxy materials. Instead, the Notice will instruct you as to how you may access and review the proxy materials and submit your vote via the Internet. If you received a Notice by mail and would like to receive a printed copy of the proxy materials, please follow the instructions for requesting such materials included in the Notice.

**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND THESE PROXY MATERIALS**

***What matters will be voted on at the Annual Meeting?***

At the Annual Meeting, stockholders will be asked:

Proposal 1: To elect the three directors nominated by our board of directors and named in this proxy statement as Class I directors to serve for three-year terms;



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Proposal 2: To approve, on an advisory basis, the compensation of our named executive officers;

Proposal 3: To vote, on an advisory basis, on whether to hold future advisory votes on the compensation of our named executive officers every 3 years, 2 years or 1 year;

Proposal 4: To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012; and

Such other business as may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

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### ***How does the board of directors recommend that I vote?***

The board of directors recommends that you vote:

FOR the election of the three directors nominated by our board of directors and named in this proxy statement as Class I directors to serve for three-year terms;

FOR the approval, on an advisory basis, of the compensation of our named executive officers;

FOR the approval, on an advisory basis, of holding future advisory votes on the compensation of our named executive officers every three years; and

FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012.

### ***Will there be any other items of business on the agenda?***

If any other items of business or other matters are properly brought before the Annual Meeting, your proxy gives discretionary authority to the persons named on the proxy card with respect to those items of business or other matters. The persons named on the proxy card intend to vote the proxy in accordance with their best judgment. Our board of directors does not intend to bring any other matters to be voted on at the Annual Meeting. We are not currently aware of any other matters that may properly be presented by others for action at the Annual Meeting.

### ***Who is entitled to vote at the Annual Meeting?***

Holders of our common stock at the close of business on April 9, 2012, or the record date, are entitled to notice of, and to vote at, the Annual Meeting. Each stockholder is entitled to one vote for each share of our common stock held as of the record date. As of the record date, there were 49,706,187 shares of our common stock outstanding and entitled to vote at the Annual Meeting. No shares of preferred stock were outstanding.

A complete list of the stockholders entitled to vote at the Annual Meeting will be available at our corporate offices at 1601 Cloverfield Blvd., Suite 620 South, Santa Monica, California 90404 during regular business hours for the ten days prior to the Annual Meeting. This list also will be available during the Annual Meeting at the meeting location. Stockholders may examine the list for any legally valid purpose related to the Annual Meeting.

### ***What is the difference between holding shares as a stockholder of record and as a beneficial owner?***

*Stockholders of Record.* You are a stockholder of record if, at the close of business on the record date, your shares of common stock were registered directly in your name with Computershare Shareowner Services, our transfer agent.

*Beneficial Owner.* If your shares of common stock are held in a brokerage account or by a bank or other nominee, you are considered to be the beneficial owner of shares of common stock held in street name. As the beneficial owner, you have the right to direct your broker or nominee how to vote your shares by following the voting instructions your broker or other nominee provides. If you do not provide your broker or nominee with instructions on how to vote your shares, your broker or nominee may not vote your shares with respect to any non-routine matters, but it may, in its discretion, vote your shares with respect to routine matters. Please see *What if I did not specify how my shares are to be voted?* for more information.

### ***Do I have to do anything in advance if I plan to attend the Annual Meeting in person?***

If you are a stockholder of record, you do not need to do anything in advance to attend and/or vote your shares in person at the Annual Meeting. If you are a beneficial owner, you may not vote your shares in person at the Annual Meeting unless you obtain a legal proxy from the bank or

other nominee who is the stockholder of record with respect to your shares.

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### ***How do I vote and what are the voting deadlines?***

*Stockholders of Record.* If you are a stockholder of record, there are several ways for you to vote your shares:

**Over the Internet, by telephone or by mail.** If you are a stockholder of record, you may instruct the proxy holders how to vote your shares by using the Internet voting site or the toll-free telephone number listed on the Notice. Alternatively, you may request a proxy card by telephone at 1-800-579-1639, over the Internet at [www.proxyvote.com](http://www.proxyvote.com), or by email at [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com), and complete, sign, date and return the proxy card in the postage pre-paid envelope provided. If you request a proxy card pursuant to the preceding sentence, please sign your name exactly as it appears on the proxy card. Proxy cards submitted by mail must be received no later than June 3, 2012 for your shares to be voted at the Annual Meeting. Specific instructions for using the telephone and Internet voting systems are on the proxy card and in the Notice. The telephone and Internet voting systems for stockholders of record will be available until 11:59 p.m. (Eastern Time) on June 3, 2012. Regardless of the method you select to transmit your voting instructions, the proxy holders will vote your shares in accordance with your instructions. If you sign and return a proxy card without giving specific voting instructions with respect to one or more proposals, your shares will be voted as recommended by our board of directors.

**In person at the Annual Meeting.** You may vote your shares in person at the Annual Meeting. Even if you plan to attend the Annual Meeting in person, we recommend that you also submit your proxy card or voting instructions by mail or vote by telephone or via the Internet by the applicable deadline so that your vote will be counted if you later decide not to attend the Annual Meeting.

*Beneficial Owners.* If you are a beneficial owner of your shares, you will receive voting instructions from your broker or other nominee. You must follow the voting instructions provided by your broker or other nominee in order to instruct your broker or other nominee on how to vote your shares. The availability of telephone and Internet voting will depend on the voting process of your broker or other nominee. As discussed above, if you are a beneficial owner, you may not vote your shares in person at the Annual Meeting unless you obtain a legal proxy from your bank or other nominee.

### ***Can I revoke or change my vote after I submit my proxy?***

*Stockholders of Record.* If you are a stockholder of record, you may revoke your proxy or change your proxy instructions at any time before your proxy is voted at the Annual meeting by:

Signing and returning a new proxy card with a later date;

Delivering a written revocation to our General Counsel at Cornerstone OnDemand, Inc., 1601 Cloverfield Blvd., Suite 620 South, Santa Monica, California 90404, by 11:59 Eastern Time on June 3, 2012; or

Attending the Annual Meeting and voting in person.

*Beneficial Owners.* If you are the beneficial owner of your shares, you must contact the broker or other nominee holding your shares and follow their instructions for changing your vote.

### ***What if I do not specify how my shares are to be voted?***

*Stockholders of Record.* If you are a stockholder of record and you submit a proxy but you do not provide voting instructions, your shares will be voted:

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FOR the election of the three directors nominated by our board of directors and named in this proxy statement as Class I directors to serve for three-year terms (Proposal 1);

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FOR the approval, on an advisory basis, of the compensation of our named executive officers (Proposal 2);

FOR the approval, on an advisory basis, of holding future advisory votes on the compensation of our named executive officers every three years (Proposal 3);

FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012 (Proposal 4); and

In the discretion of the named proxies regarding any other matters properly presented for a vote at the Annual Meeting.

*Beneficial Owners.* If you are a beneficial owner and you do not provide the broker or other nominee that holds your shares with voting instructions, the broker or other nominee will determine if it has the discretionary authority to vote on the particular matter. Under The NASDAQ Stock Market rules, brokers and other nominees do not have discretion to vote on non-routine matters. Proposals 1, 2 and 3 are non-routine matters, while Proposal 4 is a routine matter. As a result, if you do not provide voting instructions to your broker or other nominee, your broker or other nominee may not vote your shares with respect to Proposals 1, 2 or 3, but may, in its discretion, vote your shares with respect to Proposal 4.

***What constitutes a quorum, and why is a quorum required?***

We need a quorum of stockholders to hold our Annual Meeting. A quorum exists when at least a majority of the outstanding shares entitled to vote at the close of business on the record date are represented at the Annual Meeting, either in person or by proxy. As of the close of business on the record date, we had 49,706,187 shares of common stock outstanding and entitled to vote at the Annual Meeting, meaning that 24,853,094 shares of common stock must be represented in person or by proxy to have a quorum. If there is not a quorum, a majority of the shares present at the Annual Meeting may adjourn the meeting to a later date.

***What are the effects of abstentions and broker non-votes?***

While there is no definitive statutory or case law authority in Delaware as to the proper treatment of abstentions, we believe that abstentions should be counted for purposes of determining both (i) the presence and absence of a quorum for the transaction of business and (ii) the number of shares present in person or represented by proxy and entitled to vote (i.e. the number of votes cast) with respect to a proposal. However, because the outcome of Proposal 1 (election of directors) and Proposal 3 (advisory vote on frequency of future advisory votes on compensation of named executive officers) will be determined by a plurality of the votes cast, abstentions will have no impact on the outcome of such proposals so long as a quorum exists.

A broker non-vote occurs when a broker or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to such proposal and has not received instructions from the beneficial owner. Broker non-votes will be counted for purposes of calculating whether a quorum is present at the Annual Meeting, but will not be counted for purposes of determining the number of votes cast. Thus, a broker non-vote will make a quorum more readily attainable, but will not otherwise affect the outcome of the vote on a proposal that requires a plurality of votes cast (Proposals 1 and 3) or a majority of the votes cast (Proposals 2 and 4).

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***What is the vote required for each proposal?***

<b>Proposal</b>	<b>Vote Required</b>	<b>Broker Discretionary Voting Allowed?</b>
Proposal 1 Election of three Class I directors	Plurality of votes cast	No
Proposal 2 Advisory vote to approve the compensation of our named executive officers	Majority of votes cast	No
Proposal 3 Advisory vote on frequency of future advisory votes on compensation of named executive officers	Plurality of votes cast	No
Proposal 4 Ratification of the appointment of independent registered public accounting firm	Majority of votes cast	Yes

With respect to Proposal 1, you may (i) vote FOR all nominees, (ii) WITHHOLD your vote as to all nominees, or (iii) vote FOR all nominees except for those specific nominees from whom you WITHHOLD your vote. The three nominees receiving the most FOR votes will be elected. You may not cumulate votes in the election of directors. If you WITHHOLD your vote as to all nominees, you will be deemed to have ABSTAINED from voting on Proposal 1, and such abstention will have no effect on the outcome of the vote.

With respect to Proposals 2 and 4, you may vote FOR, AGAINST or ABSTAIN. If you ABSTAIN from voting on either of these proposals, the abstention will have the same effect as a vote AGAINST the proposals.

With respect to Proposal 3, you may vote FOR 1 year, FOR 2 years, FOR 3 years, or ABSTAIN. If you ABSTAIN from voting on Proposal 3, the abstention will not have an effect on the outcome of the vote.

***Who will count the votes?***

Broadridge Financial Solutions, Inc. has been engaged to receive and tabulate stockholder votes. Broadridge will separately tabulate FOR, AGAINST and WITHHOLD votes, abstentions and broker non-votes and, with respect to Proposal 3 only, votes for 1 year, 2 years and 3 years. Broadridge will also certify the election results and perform any other acts required by the Delaware General Corporation Law.

***Who is paying for the costs of this proxy solicitation?***

We will bear the entire cost of proxy solicitation, including the preparation, assembly, printing, mailing and distribution of the proxy materials. Copies of solicitation materials will also be made available upon request to brokerage houses and other nominees holding shares in their names that are beneficially owned by others to forward to such beneficial owners. The original solicitation of proxies may be supplemented by solicitation by telephone, electronic communication, or other means by our directors, officers, employees or agents. No additional compensation will be paid to these individuals for any such services, although we may reimburse such individuals for their reasonable out-of-pocket expenses in connection with such solicitation. We do not plan to retain a proxy solicitor to assist in the solicitation of proxies.

***How can I find the results of the Annual Meeting?***

Preliminary results will be announced at the Annual Meeting. Final results also will be published in a current report on Form 8-K to be filed with the SEC within four business days after the Annual meeting. If the official results are not available at that time, we will provide preliminary voting results in the Form 8-K and will provide the final results in an amendment to the Form 8-K as soon as they become available.

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**CORPORATE GOVERNANCE**

**Overview**

Our board of directors oversees our Chief Executive Officer and other senior management in the competent and ethical operation of our business and affairs and ensures that the long-term interests of our stockholders are being served. The key practices and procedures of the board are outlined in our Corporate Governance Principles, which are available on our website at [investors.cornerstoneondemand.com](http://investors.cornerstoneondemand.com), under *Corporate Governance*.

**Board Leadership Structure**

Pursuant to our Corporate Governance Principles, the roles of Chairman and Chief Executive Officer may be filled by the same or different individuals. This allows our board of directors flexibility to determine whether the two roles should be combined or separated based upon our needs and the board's assessment of our leadership from time to time. Our board of directors currently believes that it is in the best interests of Cornerstone and its stockholders for Adam Miller, our Chief Executive Officer, to serve as the Chairman, and Mark Baker, an independent director, to serve as Lead Independent Director.

The board of directors believes that having an employee director fill the role of Chairman and a non-employee director fill the role of Lead Independent Director provides the appropriate balance in our leadership at this time. Combining the roles of Chairman and Chief Executive Officer promotes unified leadership and direction, contributing to operational effectiveness and efficiencies that facilitate the implementation of strategic initiatives and business plans to optimize stockholder value. In contrast, to facilitate communication between management and the board's independent directors, the Lead Independent Director is authorized to schedule and prepare agendas for meetings or closed sessions without the presence of employee directors or members of management. The Lead Independent Director is also responsible for communicating with the Chief Executive Officer, disseminating information to the rest of our board of directors in a timely manner, and raising issues with management on behalf of the independent directors where appropriate.

The board, including each of its committees, also has full access to members of management, either as a group or individually, and to Company information deemed necessary to fulfill the obligations of the board and its committees.

**The Board's Role in Risk Oversight**

Our management has day-to-day responsibility for identifying risks facing the Company, including implementing suitable mitigating processes and controls, assessing risks in relation to Company strategies and objectives, and appropriately managing risks in a manner that serves the best interests of the Company, its stockholders, and other stakeholders. Our board of directors is responsible for ensuring that an appropriate culture of risk management exists within the Company, overseeing our aggregate risk profile, and assisting management in addressing specific risks.

Generally, various committees of our board of directors oversee risks associated with their respective areas of responsibility and expertise. For example, our Audit Committee oversees, reviews and discusses with management and our independent registered public accounting firm, our major financial reporting and accounting risk exposures and the steps management has taken to monitor and mitigate those exposures. Our Compensation Committee oversees risks associated with our compensation policies, plans and practices. Our Nominating and Corporate Governance Committee oversees the management of risks associated with director independence and board composition and organization. Management and other employees report to the board and/or relevant committee(s) from time to time on risk-related issues.



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### **Director Independence**

Under the rules of The NASDAQ Stock Market, independent directors must comprise a majority of a listed company's board of directors within a specified period of the closing of its initial public offering. In addition, the rules of The NASDAQ Stock Market require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominating and corporate governance committees be independent. Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended. Under the rules of The NASDAQ Stock Market, a director will only qualify as an independent director if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors or any other board committee: (1) accept, directly or indirectly, any consulting, advisory or other compensatory fee from the listed company or any of its subsidiaries; or (2) be an affiliated person of the listed company or any of its subsidiaries.

Based upon information requested from and provided by each director concerning his or her background, employment and affiliations, including family relationships, our board of directors has determined that none of Messrs. Mark Baker, Harold Burlingame, Byron Deeter, James McGeever, Robert Ward or Steven Singh, representing six of the seven directors who will serve on our board if Proposal 1 (election of directors) is approved by our stockholders, has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is independent as that term is defined under the rules of The NASDAQ Stock Market. Our board of directors also determined that Messrs. Baker, Burlingame and McGeever, who comprise our Audit Committee and our Compensation Committee, and Messrs. Deeter, Singh and Ward, who will comprise our Nominating and Corporate Governance Committee as of immediately prior to the Annual Meeting, satisfy the independence standards for those committees established by applicable SEC rules and the rules of The NASDAQ Stock Market. In making this determination, our board of directors considered the relationships that each non-employee director has with the Company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director.

### **Director Nominations**

Candidates for nomination to our board of directors are selected by the Nominating and Corporate Governance Committee in accordance with the committee's charter, our certificate of incorporation and bylaws, and our Corporate Governance Principles. While there are no specific minimum qualifications for director nominees, the ideal candidate should exhibit qualifications that will increase overall board effectiveness, including independence, previous experience as a director or executive with other successful companies, the ability to meet other requirements under applicable rules (e.g., the requirement that members of the Audit Committee have an appropriate level of financial literacy and expertise), a high level of personal and professional ethics and integrity, proven achievement and competence in the nominee's field, skills that are complementary to those of existing board members, the ability to assist and support management and make significant contributions to our success, and an understanding of the fiduciary duties belonging to members of the board and the commitment of time and energy necessary to diligently fulfill those duties. In evaluating the suitability of a director candidate, the Nominating and Corporate Governance Committee considers factors such as character, integrity, judgment, diversity of experience, age, independence, skills, education, expertise, business acumen, business experience, length of service, understanding of our business, potential conflicts of interest and other commitments.

The Nominating and Corporate Governance Committee makes an effort to ensure that our board's composition reflects a broad diversity of experience, professions, skills, viewpoints, personal traits and

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backgrounds. However, the Nominating and Corporate Governance Committee does not have a formal policy with respect to diversity, does not assign specific weights to particular criteria, and does not believe that any specific criterion is necessarily applicable to all prospective nominees. Instead, when reviewing a candidate, the committee reviews the candidate's qualifications in light of the board's specific needs at that time.

To date, the Nominating and Corporate Governance Committee has relied on its network of contacts to compile a list of potential candidates, but it is authorized to retain recruiting professionals to assist in identifying and evaluating candidates for consideration as needed. After conducting appropriate inquiries into the backgrounds and qualifications of potential candidates and reviewing the candidates in light of the factors discussed above, the Nominating and Corporate Governance Committee selects a nominee for recommendation to our board of directors by majority vote. Based on the Nominating and Corporate Governance Committee's recommendation, our board of directors selects director nominees and recommends them for election by our stockholders. Our board of directors may also fill any vacancies that arise between annual meetings of stockholders.

Subject to the terms of our bylaws and other procedures established by us from time to time, the Nominating and Corporate Governance Committee will consider director candidates who are timely recommended by stockholders who have continuously held at least 100,000 shares of our common stock for at least 12 months prior to the submission of the recommendation. The recommendation must include the candidate's name, home and business contact information, detailed biographical data, relevant qualifications, a signed letter from the candidate confirming willingness to serve, information regarding any relationships between the candidate and the Company and evidence of the recommending stockholder's ownership of the requisite number of shares of our common stock during the 12-month period referenced above. If you would like the Nominating and Corporate Governance Committee to consider a prospective director, please follow the procedures in our bylaws and submit the required information to: General Counsel, Cornerstone OnDemand, Inc., 1601 Cloverfield Blvd., Suite 620 South, Santa Monica, California 90404. The Nominating and Corporate Governance Committee evaluates all candidates in the same manner and using the same criteria, regardless of the source of the recommendation.

## **Code of Business Conduct and Ethics**

We have adopted a code of business conduct that is applicable to all of our employees, officers and directors. In addition, we have adopted a code of ethics that is applicable to our chief executive and senior financial officers. Our code of business conduct is available on the Investor Relations page of our website at [investors.cornerstoneondemand.com](http://investors.cornerstoneondemand.com) under *Corporate Governance*.

## **Communication with the Board of Directors**

Any stockholder wishing to communicate with any of our directors may write to the director, c/o General Counsel, Cornerstone OnDemand, Inc., 1601 Cloverfield Blvd., Suite 620 South, Santa Monica, California 90404. The Secretary will forward these communications directly to the director(s). The independent directors of the board review and approve the stockholder communication process periodically in an effort to enable an effective method by which stockholders can communicate with our board of directors.

**Table of Contents****BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD****Board and Committee Meetings**

During fiscal year 2011, our board of directors consisted of seven members: Adam Miller, R. C. Mark Baker, Harold W. Burlingame, Byron B. Deeter, James McGeever, Neil G. Sadaranganey, and Robert D. Ward. Mr. Sadaranganey has informed the Board that he will not stand for re-election at the Annual Meeting. On April 18, 2012, the board of directors adopted resolutions increasing the number of board seats from seven to eight and appointing S. Steven Singh to fill the newly created vacancy. The number of board seats will be reduced from eight to seven as of immediately prior to the Annual Meeting.

Our board of directors and its committees meet throughout the year on a set schedule, hold special meetings as needed, and act by written consent from time to time. The board of directors met six times during fiscal year 2011. Each director attended at least 75% or more of (a) the total number of meetings of the board of directors held during fiscal year 2011 and (b) the total number of meetings held by all committees of the board of directors on which such director served during fiscal year 2011. While we do not have a formal policy regarding director attendance at annual meetings of stockholders, we strongly encourage our directors to attend.

The following table sets forth the three standing committees of the board of directors, the members of each committee and the number of meetings held by each committee in fiscal year 2011:

<b>Name of Director</b>	<b>Audit</b>	<b>Compensation</b>	<b>Nominating and Corporate Governance</b>
R. C. Mark Baker	ü	ü	
Harold W. Burlingame	ü	ü (Chair)	
Byron B. Deeter			ü (Chair)
James McGeever	ü (Chair)	ü	
Neil G. Sadaranganey(1)			ü
Robert D. Ward			ü
Number of Meetings:	4	3	1

- (1) Mr. Sadaranganey will not stand for re-election at the Annual Meeting. Effective as of immediately prior to the Annual Meeting, Mr. Singh will fill the vacancy on the Nominating and Corporate Governance Committee created by Mr. Sadaranganey's departure. For more information, see the disclosure under Proposal 1 below.

**Board Committees**

Our board of directors has an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee, each of which has the composition and the responsibilities described below. The Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee all operate under charters approved by our board of directors, which charters are available on the Investors Relations page of our website at [investors.cornerstoneondemand.com](http://investors.cornerstoneondemand.com) under *Corporate Governance*.

**Audit Committee.** Our Audit Committee oversees our corporate accounting and financial reporting process and assists the board of directors in monitoring our financial systems and our legal and regulatory compliance. Our Audit Committee is responsible for, among other things:

overseeing the audit of our financial statements;

overseeing the organization and performance of our internal audit function and our internal accounting and financial controls

appointing our independent registered public accounting firm and reviewing and overseeing its qualifications, independence and performance; and



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overseeing the management of risks associated with our financial reporting, accounting and auditing matters. The members of our Audit Committee are Messrs. Baker, Burlingame and McGeever. Mr. McGeever is the chairman of our Audit Committee. Our board of directors has determined that each member of the Audit Committee meets the financial literacy requirements under the rules of The NASDAQ Stock Market and the SEC, and Mr. McGeever qualifies as our Audit Committee financial expert as defined under SEC rules and regulations. Our board of directors has concluded that the composition of our Audit Committee meets the requirements for independence under the current requirements of The NASDAQ Stock Market and SEC rules and regulations. We believe that the functioning of our Audit Committee complies with the applicable requirements of The NASDAQ Stock Market and SEC rules and regulations. The Audit Committee met four times during fiscal year 2011.

**Compensation Committee.** Our Compensation Committee oversees our corporate compensation policies, plans and programs. The Compensation Committee is responsible for, among other things:

assisting the board with respect to oversight of executive compensation, including compensation of our Chief Executive Officer;

approving and evaluating compensation plans, policies and programs related to executive compensation;

administering our equity compensation plans; and

reviewing and discussing with management the risks arising from our compensation policies and practices that are reasonably likely to have a material adverse effect on our business.

The members of our Compensation Committee are Messrs. Baker, Burlingame and McGeever. Mr. Burlingame is the chairman of our Compensation Committee. Our board of directors has determined that each member of our Compensation Committee is independent within the meaning of the independent director guidelines of The NASDAQ Stock Market. We believe that the composition of our Compensation Committee meets the requirements for independence under, and the functioning of our Compensation Committee complies with, any applicable requirements of The NASDAQ Stock Market and SEC rules and regulations. The Compensation Committee met three times during fiscal year 2011. For more information regarding the procedures for the consideration and determination of executive compensation, see *Executive Compensation Compensation Discussion and Analysis* below.

**Nominating and Corporate Governance Committee.** Our Nominating and Corporate Governance Committee oversees and assists our board of directors in reviewing and recommending corporate governance policies and nominees for election to our board of directors. The Nominating and Corporate Governance Committee is responsible for, among other things:

reviewing and making recommendations regarding corporate governance matters;

evaluating and making recommendations regarding the organization and governance of the board of directors and its committees;

assessing the performance of members of the board of directors and making recommendations regarding committee assignments;

recommending desired qualifications for board membership and conducting searches for potential members of the board of directors;

making recommendations to the board regarding director compensation; and

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reviewing our Code of Business Conduct and Ethics and considering questions of possible conflicts of interest.

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The members of our Nominating and Corporate Governance Committee are currently Messrs. Deeter, Sadaranganey and Ward. As noted above, Mr. Sadaranganey is not standing for re-election, and Mr. Singh will join the Nominating and Corporate Governance Committee effective as of immediately prior to the Annual Meeting. Mr. Deeter is the chairman of our Nominating and Corporate Governance Committee. Our board of directors has determined that each of Messrs. Deeter, Ward, Sadaranganey and Singh are independent within the meaning of the independent director guidelines of The NASDAQ Stock Market. We believe that the composition of our Nominating and Corporate Governance Committee meets the requirements for independence under, and the functioning of our Nominating and Corporate Governance Committee complies with, any applicable requirements of The NASDAQ Stock Market and SEC rules and regulations. Our Nominating and Corporate Governance Committee met once in fiscal year 2011. For additional information regarding our Nominating and Corporate Governance Committee, see the disclosure above under the heading *Director Nominations*.

Our board of directors may from time to time establish other committees.

**Director Compensation**

The following table sets forth information concerning compensation paid or accrued for services rendered to us by non-employee members of our board of directors for the fiscal year ended December 31, 2011. Adam Miller, who is our Chief Executive Officer, does not receive additional compensation for his services as a director.

Name	Fees earned or paid in cash (\$)	Option awards \$(3)(4)	Total (\$)
<i>Current non-employee directors:</i>			
R. C. Mark Baker	\$ 34,541	\$ 119,305	\$ 153,846
Harold W. Burlingame	\$ 40,083	\$ 119,305	\$ 159,388
Byron B. Deeter	\$ 31,666		\$ 31,666
James McGeever	\$ 46,416	\$ 73,307	\$ 119,723
Neil G. Sadaranganey(1)			